EXHIBIT 63

Program Statement

OPI: PRD
NUMBER: 1210.23
DATE: 8/21/2002
SUBJECT: Management Control and Program Review Manual

1. **PURPOSE AND SCOPE.** To prescribe policies, standards, and procedures to establish, maintain, evaluate, and improve Bureau internal systems of control; to prescribe policies, procedures, and responsibilities for management of the accreditation process, and participation in American Correctional Association (ACA) sponsored activities; and to ensure the Bureau responds in a timely, accurate, and concise manner to all inquiries, surveys, requests, and audits from external audit authorities, and that findings and recommendations from external audits are effectively reviewed and constructively applied.

These provisions apply to all Bureau organizational components and installations, including divisions, regions, institutions, community corrections offices, and oversight function of private contract facilities.

In accordance with 31 U.S.C. § 3512(b)(1), Executive Agency Accounting Systems, and OMB Circular A-123, Internal Control Systems, each Federal Government agency is required to establish a continuous process for evaluating and improving its internal control systems.

Each DOJ agency head must annually submit an assurance statement to the Attorney General certifying that the agency is:

- operating effectively, efficiently, and in compliance with applicable regulations; and
- that existing systems of internal control adequately protect the agency's resources against fraud, waste, abuse, and mismanagement.

The assurance statement must also identify any systemwide control weaknesses, and actions taken or planned to correct the weaknesses in an appropriate and timely manner.

For the agency head to make this certification, there must be a systematic approach to assessing operations and programs at all organizational levels. This is achieved through a management control program that includes a system for assessing risks and testing the adequacy of internal controls for all program and administrative areas. This Program Statement (PS) outlines the requirements and responsibilities for implementing an effective management control program.

It also establishes, for all levels of the Bureau, a system of assurance that, taken as a whole, permits the Director to submit the required annual certification to the Attorney General.

The Bureau enhances the effective management of its institutions through the Commission on Accreditation for Corrections (CAC) accreditation based on standards approved jointly by the ACA and the CAC.

Many external audit authorities have an ongoing interest in Bureau programs and operations for regulatory oversight, as well as inquiries reflecting the public's interests. Such external evaluations can be useful to validate the Bureau's own internal system of checks and balances, particularly operational and program reviews.

A revised Management Control and Program Review Technical Reference Manual is also being issued to supplement this PS. It contains all relevant samples for report preparation. The union may request any documents related to this policy and such requests will be considered under 5 USC 7114.

2. **SUMMARY OF CHANGES.** The following are highlights of this revised Program Statement:

a. A Table of Contents has been added.

b. Language and criteria for CAC and ACA sponsored activities has been included.

c. Language and criteria for Liaison with External Audit Authorities has been included.

d. In Chapter 2, the process of conducting regional office program reviews has been revised.

e. In Chapter 2, the institution follow-up review time frame has been changed to 120 - 150 calendar days.

f. In Chapter 2, new language concerning the program review final report to note those deficiencies that need a separate, specific response from the Chief Executive Officer (CEO).

g. In Chapter 2, including the Data Sheet information in the program review final reports is eliminated, and that information in the Background Information section of the reports is included.

h. In Chapter 2, the department head is included in the pre-assessment phone contacts.

i. In Chapter 2, the criteria for program review ratings is further defined.

j. In Chapter 3, the Community Corrections Regional Administrator (CCRA) is designated as the review authority for operational reviews.

k. In Chapter 3, the working papers and associated correspondence for Community Corrections Management (CCM) operational reviews must be maintained in the CCM office where the operational review takes place.

l. In Chapter 3, verbiage for operational review cycles for deficient and 'at risk' program reviews is added.

m. The entire PS is revised to include electronic submission of correspondence to/from the review sites.

n. Chapter 4 is added to include the Management Assessment process.

o. Chapter 5 is added to include Correctional Standards and Accreditation policy.

p. Chapter 6 is added to include Liaison With External Audit Authorities policy.

q. A Definitions of Terms summary is included as Attachment A.

r. The retention period for program review reports is reduced from eight years to five years.

3. **PROGRAM OBJECTIVES.** The expected results of this program are:

a. Programs will comply with applicable laws, regulations, policies, and procedures. This includes compliance with the Master Agreement and 5 USC 71 (Labor Management Statute).

b. Recommended solutions to problems will be provided to program managers.

c. Weaknesses in financial or administrative controls will be identified and corrected.

d. Assessments will be made as to how well programs are achieving desired results.

e. Efficient management practices will be promoted.

f. Program performance will be reported accurately in management and statistical reports.

g. The quality of programs will be improved.

h. Fraud, waste, abuse, mismanagement, and illegal acts will be prevented, detected, and reported.

i. Noteworthy accomplishments of programs will be identified and their recognition and replication promoted (internal bench marking).

j. Useful performance indicators will be established to monitor vital programs and operations.

k. Each facility will be accredited through ACA within 24 months of activation.

l. Each previously accredited facility seeking reaccreditation will be re-accredited through the IRP process.

m. Participation of employees throughout the Bureau in ACA sponsored activities will be equitable.

n. All proposed CAC Standards will be centrally reviewed for consistency and impact on Bureau operations.

o. The Bureau will respond in a timely, accurate, and concise manner to all audits, inquiries, surveys, and requests from audit sources external to the Bureau. All responses will be centrally coordinated and routed through the Program Analysis Section (PAS) prior to submission to the external audit authority.

p. All staff interviewed or otherwise contacted by an external audit authority will respond with honesty, credibility, integrity, and within the scope of their knowledge and responsibilities.

q. Formal responses to draft or final reports from external audit authorities will be signed by the Director. The PAS is responsible for the coordination and submission of these responses.

r. The Bureau will use the results of external audits in a timely manner to learn, develop, and improve its programs and operations.

4. **DIRECTIVES AFFECTED**

a. **Directives Rescinded**

PS 1210.20	Management Control and Program Review (11/24/99)
PS 1210.19	Liaison with External Audit Authorities (8/28/98)
PS 1290.04	Correctional Standards and Accreditation (4/26/00)

b. **Directives Referenced**

PS 1351.04	Release of Information (12/5/96)
PS 4220.05	Design and Construction Procedures (2/15/00)
TRM 1202.02	Management Control and Program Review (11/24/99)
DOJ Order 2860.3A	Implementation of the Federal Managers' Financial Integrity Act (P.L. 97-255), 1986
DOJ Order 2900.5A	Responsibilities for the Detection of Waste, Fraud, and Error in Department of Justice Programs, 1986
DOJ Order 2900.6a	Audit Follow-Up and Resolution Policy, 1989
OMB Circular A-76	Performance of Commercial Activities 1983
OMB Circular A-123	Management Accountability and Control 6/21/95

GAO, Government Auditing Standards, 1994
GAO, Standards for Internal Controls in the Federal Government, 1983

Executive Order 12805, 57 Federal Register 20627 (1992) "Integrity and Efficiency in Federal Programs"

5. **STANDARDS REFERENCED**

a. American Correctional Association 3rd Edition Standards for Adult Correctional Institutions: 3-4003, 3-4012, 3-4018, 3-4019, 3-4036, and 3-4104

b. American Correctional Association 3rd Edition Standards for Adult Local Detention Facilities: 3-ALDF-1A-03, 3-ALDF-1A-17, 3-ALDF-1A-18, and 3-ALDF-1B-09

c. American Correctional Association 2nd Edition Standards for Administration of Correctional Agencies: 2-CO-1A-06, 2-CO-1A-07, 2-CO-1A-08, 2-CO-1A-09, 2-CO-1A-20, 2-CO-1A-21, 2-CO-1A-22, and 2-CO-1A-23, 2-CO-1B-07

6. **REQUIREMENTS.** Program review is an essential management control tool because it provides timely and essential information on program performance.

a. **Management Controls.** The Bureau will maintain a system of management controls that enables managers to:

(1) Assess program performance regularly.

(2) Determine the degree of risk.

(3) Test the adequacy of internal controls.

(4) Adjust operations to conform with requirements and achieve desired results.

b. **Program Review.** The Bureau subjects each of its programs to a thorough examination by organizationally independent, trained Bureau reviewers who are specialists in the program area being reviewed.

c. **Standards for Program Review.** The GAO has issued standards for all government audits, which are referred to as "generally accepted government auditing standards." These standards cover the following areas:

(1) Auditor **qualifications.**

(2) Auditor **independence.**

(3) **Due professional care** or audit quality, including sound professional judgment and standards relating to examination, evaluation, and reporting.

(4) **Quality control**, including internal and external reviews.

The Bureau will strive for close adherence to the Standards for Audit of Government Organizations, Programs, Activities, and Functions. To ensure compliance, the Bureau has developed a quality assurance program that provides for continuous evaluation of the program review process. Results are used to prepare the Annual Assurance Report to the Attorney General.

This provides assurance of consistent and effective implementation of the Federal Managers' Financial Integrity Act (FMFIA) and OMB Circular A-123, Internal Control Systems.

Bureau reviewers are required to assign an overall program performance rating based upon the review's results. This assists the Executive Staff in making individual and systemwide resource needs determinations.

7. **MANAGEMENT CONTROL SYSTEM.** The basic components of management control are: assessing, planning, testing, monitoring, analyzing, and correcting. A brief overview of these components follows, including the "system of assurance" requirements incorporated into each level of the organization and at each stage of the process.

a. **Assessing.** For a system of management control to be effective, an in-depth and realistic assessment of all programs is required to determine the degree of "risk" or the need for improvement and to plan a program review system for each specific program or functional area. This is accomplished through a management assessment (described in **Chapters 1 and 4**), whereby program managers examine each important process or activity cycle of the program from start to finish.

b. **Planning.** Periodic management assessments provide a forum in which program managers view their program's strengths and weaknesses. Areas of weakness are discussed, and action plans are developed to implement good internal controls and ensure improvement. Assistant and regional directors certify through their annual assurance letter to the Director that examination of those processes considered most at risk is included in the program review guidelines (PRGs) and strategic plans have been developed to bring about needed improvement.

c. **Testing/Program Review.** Normally, Bureau reviewers conduct reviews, studies, etc., based on the annual program review schedule and within the scope of PRGs. However, if the review is

in response to a specific event or special emphasis issue, it may require developing new program review objectives and instructions. In any event, all program reviews must conform to "generally accepted government auditing standards" and this PS' provisions.

The reviewer-in-charge (RIC) for the program review certifies that, within the scope of the review and except for deficiencies cited, there is reasonable assurance that programs comply with applicable regulations and policies, and internal control systems are effective (detailed procedures for conducting a program review are covered in **Chapter 2**).

d. **Monitoring.** Program monitoring is an extension of the Testing/Program Review component. Monitoring on a continuous or periodic basis (weekly, quarterly, etc.) allows staff to:

- correct problems before they get out of hand,
- track strategic goal accomplishments,
- communicate to other Bureau staff,
- follow-up on actions called for in past program reviews, and
- prepare for upcoming reviews.

Bureau staff at each level of the organization (institution, regional office, Central Office, etc.) establish ways of monitoring the well-being of their respective programs and, in particular, the programs' vital functions. Management indicators that are linked to program review objectives help the manager define information sources and criteria used for this monitoring.

e. **Analyzing Program Review Findings.** At least annually, program managers analyze the results of all reviews, special studies, trend data, and management indicators. Based on this analysis, the PRGs may be updated and reissued.

Additionally, each regional and assistant director prepares a certification letter to the Director stating that control systems for those programs, functional areas, or installations under his or her jurisdiction are operating effectively, except as noted. Wardens make a similar certification to their respective regional directors. The Director, in turn, provides such assurance to the Attorney General no later than October 31 each year.

f. **Correcting.** The essence of management control is the action that adjusts operations to conform with requirements. Prior to a program review's closure, the CEO must give assurance that internal control systems are in place to prevent recurrence

of the problems. Such assurance can be obtained through various reviews and monitoring systems (see **Chapter 2** for details).

In addition, the appropriate program managers must track actions to correct systemwide problems to ensure scheduled corrective action is being taken, and action is appropriate to improve the situation. Corrective actions may include:

(1) Development of new or modified PRGs.

(2) Plans for special studies or reviews.

(3) Improvement in training programs.

(4) Changes in policy.

(5) Monitoring the accomplishment of strategic action plans, etc.

g. **Strategic Management Cycle.** A "holistic" approach has been incorporated into the Bureau's system of management, wherein information from the following sources is used:

(1) Management assessments.

(2) Operational reviews.

(3) Program reviews.

(4) Social climate surveys.

(5) Institution character profiles.

(6) Other information sources (GAO, OIG, new legislative regulations, etc.).

(7) Information analysis and synthesis (Program Summary Reports, etc.).

(8) Policy development.

(9) Formulation of strategic plans and goals.

All of these areas are interdependent and collectively form what is known as a "strategic management cycle." It is intended that strategic planning be a continuous process, and that the use of review findings, management indicators, and strategic planning objectives/action steps be closely interrelated.

By identifying issues through the program review process, strategic issues are developed to ensure that long-term corrective action is fully implemented. Furthermore, analyzing a program review assists program administrators to develop PRGs which ensure high-quality evaluations.

8. **RESPONSIBILITIES.** The following is an outline of the responsibilities involved in the management control and program review system. It is understood that all staff are responsible for compliance with the Master Agreement (or Central Office Agreement) and 5 USC 71. Specific internal control reporting requirements are described in **Chapter 1** of this PS.

a. **Director.** The Director submits an assurance statement to the Attorney General at the end of each fiscal year certifying that programs are operating effectively and in accordance with applicable law, and that systems of internal control are adequate to protect resources. Material weaknesses and significant concerns in the Bureau's systems of controls will be identified in the Management Control Plan, including a plan for correction.

The Director approves/signs the responses to final external audit reports.

b. **Assistant Directors.** The assistant directors will:

(1) Determine the need for special reviews or studies in program areas and ensure necessary reviews are conducted accordingly.

(2) Ensure the results of program reviews, management indicators, management assessments, and other reviews and studies throughout the year are analyzed to determine whether there is a pattern of noncompliance or lack of controls in division programs.

(3) Ensure appropriate strategic plans are developed to address and correct weaknesses.

(4) Update and reissue PRGs with the Program Review Division (PRD) senior deputy assistant director (SDAD) for division programs based on the analysis mentioned above, to include the program area's management indicators for program review objectives.

(5) Prepare a certification letter to the Director annually, attesting to the adequacy of internal controls in division programs and summarizing major systemwide concerns or weaknesses needing corrective action.

(6) Ensure policies and procedures issued from all divisions' programs include reference and language relating to applicable ACA standards.

(7) Provide expert opinion on proposed ACA standards changes.

(8) Ensure their respective divisions are fully responsive to requests from external audit activities.

c. **Senior Deputy Assistant Director, PRD.** The PRD SDAD, is the designated internal control officer for the Bureau. OMB directs that a senior official be given responsibility for coordinating the agency wide effort to comply with the Federal Managers' Financial Integrity Act (P.L. 97-255). This official also ensures the agency's methods of assessing the adequacy of internal controls are consistent with this Act's provisions.

The PRD SDAD, not only has oversight authority for the Bureau's program review program, but also:

(1) Serves as the review authority for all program reviews.

(2) Issues an annual program review schedule for all programs and ensures timeliness of program review schedules.

(3) Develops and updates program review policy.

(4) Provides program and operational review skills training and technical assistance to reviewers.

(5) Monitors all reviews and review materials related to the conduct of program reviews, conducts on-site evaluations of reviewers, and provides assistance to ensure program reviews are conducted in compliance with policy and auditing standards.

(6) Reviews program review objectives and guidelines for completeness and general adherence to accepted formats prescribed in policy.

(7) Provides systematic analysis and feedback to all levels of the agency related to program reviews.

(8) Assesses the program review program's overall effectiveness through a variety of indicators that include the ACA Intensive Reaccreditation Process (IRP) and an annual operational review of PRD.

(9) Makes recommendations to the Director for improvements in Management Control and Program Review.

(10) Provides periodic training in management control and the program review process to Bureau managers.

(11) Ensures the Bureau components and staff cooperate with and respond to all external audit agencies.

(12) Ensures Executive Staff are kept informed of all external audit activities.

(13) Serves as the review authority for correspondence with external audit authorities.

(14) Determines the affected Bureau component(s) upon receipt of external audit notifications.

d. **Regional Directors.** Regional directors will:

(1) Ensure CEOs and regional administrators are fully responsive to program review findings and institutions close program reviews in a timely manner.

(2) Determine the need for special reviews or studies in specific program areas and ensure necessary reviews are conducted.

(3) Prepare an annual certification letter to the Director attesting to the adequacy of internal controls in regional programs.

(4) Ensure strategic issues are developed for regional strategic plans and develop corrective actions to address noncompliance and lack of controls.

(5) Ensure ACA standards are complied with by assigning a regional ACA manager to provide oversight.

(6) Ensure CEOs are compliant with their responsibilities related to the ACA accreditation program.

e. **Wardens.** The Wardens will:

(1) Provide full support and cooperation to the reviewers, including freedom of access to all property, records, employees, and inmates.

(2) Ensure operational reviews of each functional area in the institution are conducted within the time frames established in **Chapter 3.**

(3) Provide timely initiation and completion of appropriate corrective action to enable the program review's closure within prescribed time frames.

(4) Certify that adequate controls have been implemented or improved to avoid recurrence of deficiencies (see the Management Control and Program Review TRM for sample).

(5) Provide feedback to regional administrators on their respective discipline guidelines to ensure guidelines adequately measure both the program's performance and its vital functions.

(6) Identify issues to be incorporated into the institution's strategic planning process at least annually; and, when appropriate, establish action plans to address operational and program review findings. Report quarterly on major developments and/or major problems and provide the plans for solving the identified problems.

(7) Annually prepare a certification letter to the regional director attesting to the adequacy of institution internal controls (see Management Control and Program Review TRM for sample).

(8) Ensure the institutions' policies, procedures, and practices are in substantial compliance with the applicable ACA standards during the accreditation period.

(9) Notify the regional director and the PRD SDAD of unannounced arrivals from external audit authorities.

f. **Central/Regional Office Administrators.** Central/regional office administrators will:

(1) Ensure management assessments are completed within time frames specified in **Chapter 1** of this PS.

(2) Monitor trends and develop strategic plans to address emerging problem areas as part of program evaluation.

(3) Ensure information from program reviews, management indicators, management assessments, and other studies are analyzed to determine whether there is a pattern of noncompliance or lack of controls in the programs.

(4) Mentor and train institution department heads to conduct high quality operational review programs and provide feedback on the results of those reviews.

(5) Identify strategic issues for Central/regional strategic plans and develop corrective actions to address noncompliance and lack of controls as discussed in subsection (3).

g. **Planning and Analysis Administrator.** The planning and analysis administrator will:

(1) Ensure branch staff are responsive to requests from the external audit activities in a timely manner.

(2) Notify the PRD SDAD of external audit activities.

(3) Assist with the determination of affected Bureau component(s) upon receipt of notifications.

h. **Program Review Branch (PRB).** PRB staff and administrators will:

(1) Conduct program reviews for all disciplines.

(2) Assess how well programs are achieving desired results.

(3) Coordinate management assessments of each discipline.

(4) Assist in identifying vital functions.

(5) Develop review schedule and participant list.

(6) Co-author review guidelines.

i. **Program Analysis Section (PAS).** PAS analysts will:

(1) Coordinate an analysis of reviews to determine trends and patterns that are both discipline-specific and cross-disciplinary in nature.

(2) Assist program administrators and managers with the development and use of management indicators and other informational tools.

(3) Provide support for the Bureau's competition advocate by providing analysis of information required for decisions related to competitive procurement. The competition advocate seeks to enhance deficit reduction, avoid wasteful spending, and accrue savings to the Bureau through various competitive strategies which are designed to reduce contract costs.

(4) Organize the Year-End Management Control report for the Director, which is forwarded to the Attorney General.

(5) Serve as a liaison for the Bureau's contacts with external audit agencies such as GAO and OIG.

(6) Facilitate interaction between external audit authorities and Bureau staff.

(7) Assist with the determination of affected Bureau component(s) upon receipt of notifications.

(8) Schedule and arrange all entrance/interim/exit conferences.

(9) Coordinate all Bureau responses for draft and final reports.

(10) Monitor closed audits to ensure appropriate and adequate corrective action(s) continue.

(11) Maintain a permanent file of external audit reports and related correspondence.

(12) Respond to inquiries from staff of any organizational component contacting the PAS for clarification or assistance with any questions or concerns regarding external audit activities.

(13) Notify the PRD SDAD immediately of any issues identified during the course of an audit that may generate unusual public concern or be of interest to the media.

j. **Strategic Management Section (SMS).** SMS evaluators will:

(1) Coordinate the strategic planning process.

(2) Coordinate all ACA-related activities.

(a) **Accreditation Managers**

1. **Bureau Accreditation Managers.** The Bureau accreditation managers are assigned to the PRD's SMS. This office is responsible for all agencywide accreditation activities, including but not limited to:

a. Serving as the contracting officer's technical representative for all contracts between the Bureau and the ACA.

b. Preparing directives regarding the ACA and the CAC.

c. Reviewing all PSs and Change Notices to ensure appropriate use of ACA standards language and ACA citations prior to publication.

d. Reviewing all PRGs to ensure appropriate ACA citations prior to publication.

e. Providing technical assistance and training in the accreditation process.

f. Coordinating accreditation activities for the Central Office.

2. **Central Office Accreditation Managers.** The Central Office division accreditation managers are:

a. Designated by the division's assistant director.

b. Responsible for maintaining operational and program review files to document compliance with ACA standards.

c. Responsible for facilitating Central Office reaccreditation.

3. **Regional Accreditation Managers.** The regional accreditation managers are the point of contact for information regarding accreditation within the region and provide oversight for all accreditation activities within the region. Regional accreditation managers are encouraged to attend ACA conferences and the related training both the SMS and ACA offer. The SMS provides funding for participation in training and related activities.

4. **Institution Level Accreditation Managers.** The Warden appoints institution accreditation managers to coordinate accreditation matters for the institution. The institution accreditation manager is encouraged to attend SMS and ACA offered training sessions. Training is offered in conjunction with an ACA conference. For those institutions seeking initial accreditation or reaccreditation, SMS provides funding for

participation in training and related activities. The institution accreditation manager:

a. Chairs the institution accreditation committee while preparing for initial accreditation.

b. Coordinates all accreditation related activities, including maintaining program and operational review files to document ongoing compliance with ACA standards for reaccreditation, at the institution.

(3) Coordinate Bureau responses and input to DOJ related to requirements under the Government Performance Results Act.

(4) Coordinate the Bureau's descriptive input and component performance reporting figures for submission for the DOJ's Annual Accountability Report.

(5) Develop and monitor baselines for reengineering initiatives approved by Executive Staff.

/s/
Kathleen Hawk Sawyer
Director

TABLE OF CONTENTS

CHAPTER 6 - LIAISON WITH EXTERNAL AUDIT AUTHORITIES

ATTACHMENT A - DEFINITIONS OF TERMS

CHAPTER 1 - DEVELOPING AN INTERNAL CONTROL PROGRAM

1. **INTRODUCTION.** The Federal Managers Financial Integrity Act (P.L. 97-255), passed in 1982, mandated that all Federal agencies develop an internal control program to prevent waste, loss, unauthorized use, or misappropriation. This Act reinforces the requirement that individual managers are responsible for the successful operation of controls in the programs they manage.

OMB Circular A-123 prescribes the policies and standards to be followed in establishing, maintaining, reviewing, and reporting on internal controls. Additionally, GAO has provided standards to be followed in carrying out the internal control process.

In practical terms, this Act requires the Bureau to apply and review its methods of internal control and report the results annually to the Attorney General.

2. **STRATEGIC MANAGEMENT CYCLE.** A strategic management cycle has been developed that incorporates the concept of continuous planning through:

a. Management assessments.

b. Operational reviews.

c. Program reviews.

d. Social climate surveys.

e. Institution character profiles.

f. Other information sources (GAO, OIG, new legislative regulations, etc.).

g. Information analysis and synthesis (Program Summary Reports, etc.).

h. Policy development.

i. Formulation of strategic plans and goals.

Managers at all organization levels will use these events to gather, monitor, analyze, and synthesize information that will aid them in assessing their respective programs.

3. **MANAGEMENT ASSESSMENT.** A management assessment is a systematic method of assessing the strengths and weaknesses of a particular program/activity and developing monitoring tools to improve those areas. Furthermore, it provides the opportunity for the identification of strategic issues that may ultimately become part of the program's or Bureau's strategic plan. **(See Chapter 4)**

4. **STRATEGIC ISSUES.** Strategic issues arise from a variety of sources, internally (Executive Staff, management assessments, etc.) and externally (Congress, Department of Justice, etc.). These issues are then reviewed by the Executive Staff for possible inclusion in the Bureau's strategic plan. The Executive Staff also determines which Bureau issues, if any, are reported to the Department of Justice as a material weakness or significant concern (refer to Section 5 for an explanation of these).

Strategic planning requires a high level of staff involvement, and the Bureau encourages staff at all levels to have input into the national strategic planning process. Staff who are performing the work best understand what is required to accomplish it. Additionally, when staff are involved in determining what needs to be performed, they are more committed to accomplishing the planned actions.

5. **MATERIAL WEAKNESSES/SIGNIFICANT CONCERN.** Strategic issues that have impact outside the Bureau may be referred to the Executive Staff for review. If the Executive Staff agrees, the issue will be reported to the Department of Justice through the management control plan. The management control plan identifies material weaknesses and significant concerns, and details corrective actions and target dates for completing those actions.

The criteria for material weaknesses and significant concerns are:

a. **Material Weakness Criteria**

(1) Significantly impairs the fulfillment of an agency or component's mission.

(2) Deprives the public of needed services.

(3) Violates statutory and regulatory requirements.

(4) Significantly weakens safeguards against waste, loss, unauthorized use, or misappropriation of funds, property, or other assets.

(5) Results in a conflict of interest.

(6) Merits the attention of the agency head/senior management, the Executive Office of the President, or the relevant Congressional oversight committee.

(7) Their omission from the report could reflect adversely on the management integrity of the agency.

b. **Significant Concern**

(1) Is a control deficiency of significant importance having Bureauwide impact to be reported to the Attorney General.

(2) If the deficiency is not corrected, it could develop into a material weakness.

6. **ANNUAL ASSURANCE STATEMENTS.** Each year, the Director is required to submit an assurance statement to the Attorney General relating that the Bureau's system of controls are operating as intended by the FMFIA.

FMFIA requires that each Federal agency establish, maintain, evaluate, improve, and report on internal controls in its program and administrative areas. All levels of management are involved in ensuring the adequacy of internal controls.

By September 15 each year, Wardens will submit assurance statements to their respective regional directors. The statement will indicate if existing and new program activities at the site location are being managed effectively and efficiently to achieve the agency's goals. The Wardens will provide reasonable assurance that government resources are protected against fraud, mismanagement, or misappropriation. There is no requirement for assurance statements at the institution department level, or for bargaining unit staff to sign such statements, when they relate solely to program reviews.

By **October 1 of each year**, assistant and regional directors will submit an assurance statement to the Director with a copy to the PRD SDAD.

CHAPTER 2 - CONDUCTING A PROGRAM REVIEW

1. **OVERVIEW.** All program reviews must conform to the standards for auditing established in the Government Auditing Standards and the provisions of this PS. Planning, conducting, and analyzing program review results should be done within the context of a system of management control.

a. **Requirements (Extent, Frequency).** Each program or operation at each Bureau installation will be reviewed comprehensively in accordance with published PRGs. Institution, community corrections (field), regional transitional drug abuse treatment (TDAT), oversight function of privatized facilities, and Central Office programs that receive a superior or good rating are to be reviewed on a three-year basis. Regional program areas (with the exception of TDAT) that receive superior or good ratings are to be reviewed every five years.

Programs that receive acceptable ratings are to be reviewed on a two-year basis, and programs receiving deficient ratings are to be reviewed at 18-month intervals. 'At risk' programs are to be reviewed upon request for closure. New institutions will be reviewed beginning 18 to 24 months after activation.

Regional office program reviews for those disciplines without an operational function will be accomplished from the Central Office via phone interviews and paper review. On-site regional office program reviews will be conducted for those disciplines with an operational function (Financial Management, HRM, Computer Services, Community Corrections, Facilities Management, and ISM).

The PRD SDAD must approve exceptions to this review cycle.

b. **Program Reviews.** This PS' provisions apply to reviews conducted in a variety of situations. These reviews are intended to determine:

- compliance with applicable regulations and policies,
- adequacy of internal controls, and
- the effectiveness, efficiency, and quality of programs and operations.

c. **Selection of Field Staff for Program Review Teams.** The use of field participants as program reviewers is a cost-effective practice that supports the program review process and enhances the staff member's professional development. Nominations for discipline experts are requested by the review authority from institutions and other field locations annually. These requests are made to the CEO. Bargaining unit members selected as

discipline experts may request not to participate. Management shall consider such requests. Employees will be notified that their name is being submitted for consideration.

The PRD SDAD selects nominated staff for program review teams. These team selections are based primarily on cost effectiveness for travel to the review site and any special skills that might be required for the review. The team assignments are included in the annual program review schedule that is distributed prior to the beginning of each fiscal year.

If at any time, after distribution of the program review schedule, a team member's duty station needs to remove an assigned participant from a program review, the assigned team member's CEO must submit a request via BOPNet GroupWise to the PRD SDAD requesting the participant's removal from the assigned review team.

d. **Reviewer-In-Charge (RIC).** Each program review must have one RIC, who is appointed or approved by the PRD SDAD. The RIC will report findings and must ensure:

(1) Reviews are conducted in accordance with this PS' provisions.

(2) Program review objectives are met within the scope of the review plan.

(3) Findings and recommendations are presented in a written report.

(4) Working papers adequately support review findings.

(5) Team members (reviewers) receive appropriate guidance and supervision.

(6) An overall rating is provided as part of each program review.

(7) Appropriate management officials are kept fully advised of the review's results.

The RIC also serves as on-site liaison and monitor of the ACA auditor during IRP audits.

e. **Due Professional Care.** Due professional care must be used in conducting the review and preparing reports. This includes:

(1) Using good judgment in conducting the review, assessing the findings, and preparing the report.

(2) Following up on findings from previous reviews to determine whether appropriate corrective actions have been taken.

(3) Adhering to timeliness prescribed by policy.

(4) Ensuring sensitive information is safeguarded.

f. **Scope of the Review.** The extent and focus of the review, as well as reporting any impairments to its effectiveness and integrity, are governed by the following provisions:

(1) **No Constraints.** Reviewers must attempt to remain within the scope of the specific review objectives for efficient use of resources and to help focus their attention. However, they are not constrained from examining other areas based on the evidence being examined or observations made at the review site.

(2) **Reviewer Access.** Personnel at the review site must:

- grant reviewers access to all documents that need to be examined,
- permit reviewers to interview employees and inmates who are reasonably available, and
- allow reviewers to inspect all areas and items of government property.

(3) **Scope Impairments.** If factors restrict the scope of the review, limit the reviewer's access, or interfere with the reviewer's ability to form objective opinions and conclusions, the RIC will attempt to resolve the problem informally. Failing that, the RIC will report the problem to the PRD SDAD. The RIC will document impediments in the working papers.

g. **Phases of the Program Review.** There are five interrelated phases to any review:

- preparation,
- examination,
- evaluation,

- reporting, and
- follow-up.

There are standards, principles, and procedures for each phase and all reviewers must have a complete understanding of these. The five phases are not mutually exclusive, nor does one phase follow directly after another.

(1) **Preparation.** Collecting and assessing data prior to arrival at the review site to help focus on the program review objectives.

(2) **Examination.** Collecting evidence, usually at the review site, which includes determining whether the evidence is sufficient, reliable, and relevant.

(3) **Evaluation.** Assessing the evidence for deficiencies or need for improvement, and organizing the evidence into the elements of a finding.

(4) **Reporting.** Developing findings for presentation at closeout and in writing via the final report.

(5) **Follow-up.** Evaluating the facility's response, monitoring corrective action, seeking resolution of any disagreements, and obtaining closure of the review.

2. **PREPARATION FOR THE REVIEW.** This section describes the requirements of the review's preparation phase. It encompasses all the work and data gathering prior to arrival at the review site. Adequate preparation is important to ensure the program review results satisfy the review objectives (**Chapter 1**). The following represents the steps that are involved in preparing for the on-site examination.

a. **Data Collection and Pre-assessment.** The reviewer will assess the situation at the specific review site prior to arrival by obtaining and reviewing all pertinent data, including management indicators. This information and the reviewer's written assessment of it represent the first working papers collected or prepared for the program review.

These papers (or a synopsis) will be placed in the review file for reference. Results of this pre-assessment may necessitate adjustments to the program review objectives. The pre-assessment will include:

(1) **Phone/E-mail contacts.** The RIC will contact the department head(s), associate warden, warden, regional administrator, and Central Office administrator(s) to gather any pertinent information.

(2) **Events.** Recent events, such as a major incident, new department head, or change in mission, will be taken into consideration.

(3) **Trends.** Workload and performance data will be reviewed to determine any recent trends. The data might include:

- number and nature of inmate incidents,
- staff vacancies and turnover,
- minority hiring,
- recognition awards,
- accidents,
- staff and inmate grievances,
- investigations,
- inmate disciplinary actions,
- class waiting lists,
- course completions,
- inmates employed,
- medical duty status,
- custody levels,
- security level versus crowding, and
- staffing.

(4) **Other Significant Data.** Other information sources, such as KI/SSS, external agency reports, (GAO, OIG, ACA, etc.) will be reviewed.

(5) **Past Program/Operational Reviews.** Review any recent program/operational reviews of the site and the status of pending corrective actions.

b. **Developing a Site Plan for the Review Site.** The RIC will develop a brief written Program Review Site Plan for the specific review site. The plan will include:

(1) A summary of the pre-assessment and where deficiencies might be expected based on what has been found in the background information and other indicators.

(2) The general scope of the program review including the specific guidelines to be used and prior review ratings.

(3) Review dates, suggested team members, reviewer days, cost containment information, and other logistical information.

(4) Comments from the CEO, department head(s), associate warden, regional administrator, and Central Office administrator(s).

The site plan will be in the form of a memorandum from the RIC to the review authority for approval. If unusual conditions exist, the RIC will meet with the review authority to discuss the planned review.

c. **Notifying the CEO.** The review authority will send official written notification via BOPNet GroupWise to the review site CEO at least 30 calendar days prior to the review. The CEO will provide a copy of this to the local union president.

(1) **Contents.** The notification will contain:

- dates of the review;
- names, titles, and duty stations of the RIC and reviewers;
- scope of the review and program area(s);
- type of review;
- special focus areas, if any;
- program review objectives if different from those published for the program;
- requests for advance materials; and
- a request that the CEO respond if he/she has anything they would like the review team to take into consideration. Upon receiving this notice, the local union president may submit any items they have concerns with to the RIC.

(2) **Unannounced Program Reviews.** The review authority reserves the right to conduct reviews without prior notification if deemed necessary to achieve reasonable assurance that a site/program is operating in accordance with applicable law and policy, and property and resources are efficiently used and adequately safeguarded.

(3) **Intensive Reaccreditation Audits.** When program reviews also serve to accomplish the IRP process, the review authority will notify the CEO that the review team will be accompanied by an ACA auditor.

3. **EXAMINATION.** The examination phase involves the data collection, interviews, and observations conducted as part of the review process. The following section outlines the steps, procedures, principles, and tools required in this phase of the review.

a. **Organization and Supervision**

(1) **Organizing the Program Review Work.** Prior to beginning the work, the RIC will meet with program review team members and brief them on the plan, including the division of labor, time frames, objectives, and review and sampling techniques. The review is to be organized to ensure no unnecessary demands are placed on institution staff. In the case of an IRP, the RIC is to include the ACA auditor in this briefing and explain the auditor's role in the program review process.

(2) **Giving Due Consideration.** The department head must be afforded the opportunity to be fully involved in the review activities. The RIC is to inform the department head and staff that all comments which might alter findings and recommendations or provide information concerning the cause of a deficiency will be fully investigated and given due consideration. The reviewers must work with the department head and staff to find causes and solutions.

(3) **Lines of Communication.** The RIC is to arrange with the department head precisely how reviewer requests for information and feedback on concerns will be handled. The RIC is to meet daily with the appropriate management staff such as the department head and associate warden to discuss progress and preliminary findings. The CEO is encouraged to participate in the daily closeouts to be fully apprised of the findings.

(4) **Supervising the Program Review Team.** Proper supervision of team members must be exercised from the beginning of the review through final closeout.

b. **Evidence.** During the examination phase, information is discovered and gathered. This is considered evidence that will support the conclusions contained in the final report.

(1) **Types of Evidence.** Evidence may be categorized as one of the following:

(a) **Physical** (direct observation of people, property or processes). This is considered the most dependable type of evidence, and is essential in determining the adequacy of internal controls. Reviewers will allow sufficient time during the review to observe all important procedures actually in operation and determine their efficiency and effectiveness.

(b) **Testimonial** (interviews). While extremely valuable, this is considered the least dependable type of evidence, and information thus obtained requires corroboration before it can be used in support of a finding.

(c) **Documentary** (files, records, invoices, etc.). This is an excellent method of verifying the reliability of evidence gained through other methods; however, reviewers should not spend an inordinate amount of time reviewing files and records to the exclusion of observation, interviews, and analysis.

(d) **Analytical** (developed by making judgments about other forms of evidence through computations, reasoning, comparison, etc.). This is used to conduct staff complement analyses, calculate vacancy rates, etc. Reviewers will allow sufficient time to conduct such analyses. A well-developed finding and a well-written program review report should contain the results of numerous analyses to give the reader a better perspective.

(2) **Standards of Evidence.** Evidence must meet three standards to be considered in the program review findings. It must be sufficient, competent, and relevant.

(a) **Sufficient.** There must be enough factual and convincing evidence to lead a knowledgeable, reasonable person who is not an expert in the program area to the same conclusion as the reviewer. Determining the adequacy of evidence

requires judgment, especially when there is conflicting evidence.

Sufficient evidence is needed to back up the conclusion. Sampling sizes for examinations, observations, and interviews will be sufficient to give the reviewer reasonable assurance that adequate controls are in place.

(b) **Competent/Reliable.** The evidence must be reliable and the best that can be obtained through using reasonable program review methods. If there is any reason to question its validity or completeness, additional measures must be taken to authenticate.

(c) **Relevant.** The evidence must be linked to the program review objectives and have a logical, sensible relationship to the issue being proved or disproved.

c. **Serious or Unusual Problems.** There may be situations when problems are so pervasive or serious that reviewers will find it necessary to halt the review or drastically redirect its work.

(1) **Approval.** The RIC will discuss the matter with the CEO and the review authority. The review authority has final authority on whether the program review should be halted or redirected.

(2) **Sufficient Evidence for Report.** Before a review can be halted, the RIC must ensure sufficient evidence has been gathered to prepare a report of major findings if required. Ending a review or redirecting it prior to completing the entire scope of the review does not necessarily relieve the RIC from preparing a program review report and documenting the reasons in accordance with this PS' provisions.

d. **Fraud, Abuse, and Illegal Acts.** Reviewers must be alert to situations or transactions that could be indicative of fraud, abuse, and illegal acts. Any such evidence or information will be reported to the CEO and review authority immediately for possible referral to the Office of Internal Affairs and follow-up investigation. Similar accusations concerning the CEO must be reported directly to the review authority.

The review authority is to determine whether the review team should continue with the program review or suspend the review until the investigation is completed.

e. **Working Papers**

(1) **Standard.** A written record of the reviewers' work is to be retained in the form of working papers. It should be possible for a knowledgeable person, not involved with the program review, to review the working papers and arrive at the same general conclusions as the reviewers.

(2) **Purpose.** Working papers provide a systematic record of the work done by a reviewer or team and contain the information and evidence necessary to support the findings and recommendations presented in the program review report.

(3) **Types.** Working papers are of various types. Technically, all the information reviewed in preparing for the program review is considered working papers, as are notes taken during interviews, observations, photographs, and reviews of documents. (This includes computer printouts, logs, files, etc.) In addition, any analyses or computations done to support findings are part of the working papers.

The reviewers may also develop checklists or worksheets to facilitate the review work and ensure it is conducted efficiently. Checklists are developed from discipline guidelines and may focus on areas of special emphasis. The checklists are also shared with regional and Central Office administrators to ensure they are aware of the checklists' use and focus.

(4) **Program Review File.** A file is to be established for each program review, with the original working papers placed in the file. The department head or associate warden must initial each deficiency and advised item marked in the working papers, acknowledging their review of the evidence. The working papers are to be placed in a file that would facilitate their use and prevent loss or mutilation. The file's contents are to be identified clearly (review site, program area, dates).

(5) **Retention.** The review authority is to retain program review working papers for at least five years from the ending date of the review. PRD will retain working papers electronically. Working papers files maintained prior to the implementation of electronic filing will be retained for one complete review cycle in the PRD files, and the remaining records are to be archived in accordance with government regulations. Working papers must be destroyed at the end of this period unless specific reasons are presented for their retention.

(6) **Team Members' Papers.** Only one program review file and set of supporting documents are to be maintained. The RIC is to collect all working papers from team members for inclusion.

(7) **Format.** Each reviewer has a personal style of recording and collecting information. This PS is not intended to impose a rigid, standard format for working papers, nor should the development of working papers impose extra work for the reviewer disproportionate to the value of the evidence. However, at a minimum, working papers are to be:

(a) Complete and accurate to provide proper support for the program review conclusions.

(b) Clear, concise, and understandable.

(c) Legible and neat, even though usually handwritten.

(d) Restricted to matters that are materially important and relevant to the program review objectives.

(8) **Forms.** In addition to the preprinted checklists and interview sheets that reviewers normally use, it is suggested that each reviewer have a supply of working paper forms to record information collected during the review.

f. **Program Review Interviews.** This is a crucial part of the examination phase of a program review. There are three types of interviews: entrance interview with CEO, discovery/confirmation interviews with staff and inmates, and exit interview/closeout with CEO.

(1) **Entrance Interview.** Upon arrival at the review site, the reviewers will meet with the CEO and any other personnel the CEO may wish to have present.

(a) **Purpose.** At this meeting, the RIC will define the scope of the review, and briefly describes how it will be organized to cause as little disruption to the facility as possible. The RIC will also clarify how the CEO prefers the team respond to an institution emergency.

(b) **Cluster.** If the review is being conducted in conjunction with other discipline reviews, each RIC will attend the entrance interview.

(c) **Closeout Schedule.** A time for the daily closeouts must be established during this meeting. The final closeout time and date will be established later in the review week.

(2) **Discovery/Confirmation Interview.** Normally, reviewers must interview a sufficient sample of staff and, depending upon the discipline, inmates during the course of the review, based on the program review objectives as well as on evidence discovered during the course of the review.

Furthermore, it is the RIC's responsibility to conduct interviews of staff and inmates that measure the climate of the department being reviewed. This includes an interview with the local union president or his or her designee. The interviews seek information regarding safety/security, communications, staff and inmate morale, and staff responsiveness. This information is summarized and reported to the CEO prior to the final closeout.

It is inappropriate to use recording equipment in a program review interview. The reviewer will record significant information gathered based on notes taken and impressions. The interview outline and notes are considered part of the official working papers. The actual notes are considered confidential and will not be disclosed.

(3) **Daily and Final Close-outs.** Daily, each reviewer will discuss any apparent discrepancies with the person being reviewed at the time these apparent discrepancies

are found. During the review week, the RIC will meet daily with the department head, associate warden, and Warden to review the progress and discuss any deficiencies or findings. These closeouts provide the institution staff and the RIC an opportunity to discuss the review and clarify any issue that is raised during the course of the review.

At the conclusion of the review, the reviewers will meet with the CEO and any staff the CEO wishes to have present to apprise them of the results, including any significant findings, deficiencies, or significant lack of administrative controls.

A draft of the findings and a preliminary overall program rating will be given to the CEO prior to the conclusion of the closeout. If other major deficiencies are later discovered through review of working papers or additional discussions with other team members, the RIC will discuss them with the review authority and CEO prior to releasing the program review report.

If the final overall rating differs from the preliminary rating provided the CEO during the close-out, the RIC will also discuss this with the CEO prior to releasing the program review report.

4. **EVALUATION.** The evaluation phase of a program review is ongoing from the time pre-assessment information is collected prior to arrival at the review site, through the examination and closeout, to the preparation of the program review report. The reviewers make judgments about every document examined, every interview conducted, and every observation made to determine if a piece of evidence may link or relate to other evidence gathered.

To emphasize its importance, the evaluation phase is presented as a separate phase and is focused on the work of the reviewers as they begin organizing evidence into findings, when appropriate. The evidence should have been assessed for its sufficiency, reliability, and relevance.

a. **Purpose.** During the evaluation phase, reviewers analyze evidence for indications of patterns, trends, interrelationships, common causes and effects of the problems on the program, and innovative methods to improve operations.

b. **Organizing Evidence into Findings.** To ensure evidence is presented in a manner that will be most useful to management, the evidence, if indicative of a serious problem, must be organized into a "finding" or series of findings.

c. **Materiality.** Materiality of deficiencies and whether they need to be placed in the official report (rather than handled verbally or placed on the advised list) is the RIC's judgment based on available evidence, extent of the problem, risk to the program's efficient and effective management, program review objectives, etc. The following points provide some guidance when determining whether deficiencies represent a significant finding:

(1) Importance to the accomplishment of the mission and vital functions of the program, the institution, or the Bureau.

(2) Pervasiveness of the condition (isolated or widespread). A single example of a deficiency is normally not sufficient to support a broad conclusion or recommendation.

(3) Indication of fraud, waste, abuse, or illegal acts (or anything that might constitute a conduct issue).

(4) Extent of the deficiency (based on allowable deviation from what is expected).

(5) Importance to the maintenance of adequate controls, such as a pattern of small, related discrepancies, which by themselves would not warrant mention, but taken together could be detrimental to the program.

d. **Commendations.** As a result of the analysis of the evidence, reviewers may report that exceptional progress has been made in a program area or a solution has been implemented to resolve a significant problem.

e. **Deficiencies.** Reviewers may investigate and report on any significant problems, failings, weaknesses, and need for improvement. The term "deficiency" is used to describe any such concern and includes, but is not limited to:

- Deviations from policy or regulation.
- Weaknesses in internal controls.
- Lack of quality controls.
- Failure to observe accepted standards of practice for a particular profession.
- Lack of operating efficiency.
- Failure to meet program objectives.
- Noncompliance with a mandatory ACA standard.

f. **Elements of a Significant Finding.** A well-developed significant finding contains the following elements:

(1) **Condition.** What was found, the extent of the problem related to the number of cases examined, interviews conducted, etc. There can be only one condition in a significant finding; however, a significant finding may be based on one or more deficiencies or needs for improvement.

These deficiencies can be combined into a single significant finding, if they are all related to the same activity and program review objective or if the cause and effect for each is approximately the same. The intent is that deficiencies are not listed as isolated, unprioritized events.

Example: Evidence (documentary, testimonial, physical, analytical, can include many noted problems, etc.): "Observed two unauthorized staff members enter the mailroom, door left open on one occasion, mail delivery not within 24 hours based on staff interviews, unusually large number of lost mail claims, high staff turnover in the mailroom."

Condition (only one): "Lack of adequate controls in the operation of the mailroom."

(2) **Condition/Criteria.** What should be, based on policy, regulation, law, generally accepted practice, desirable administrative or internal controls, quality controls, program objectives, efficient operations, etc. The reviewer will be aware of policy compliance exemptions granted to the review site.

(3) **Effect.** What effect the condition is already having or what will probably happen if the condition is not corrected; that is, how significant the finding is in terms of attainment of the program's objectives and the review site's mission. This is also known as the "materiality" of the condition.

Example (based on previous example): **Result of condition:** "unauthorized access, late delivery of mail, lost mail."

Potential result if not corrected: "fraud involving inmate monies, loss of confidentiality of sensitive materials."

(4) **Cause.** Why the condition happened, if known. The condition is only the symptom; the RIC, after receiving input from the reviewer(s), must determine the underlying cause(s) of the condition, or at least some probable causes, to be of most benefit to management.

Example (based on previous example): **Why did the condition happen?** "probably because of high staff turnover, lack of adequate training, lack of adequate, detailed local procedures."

(5) **Recommendations.** This section details possible solutions to the significant finding. The recommendations should be attainable by the staff and take into consideration available staff and resources.

Example: "staff should review local procedures to ensure compliance with current policy; additional training should be provided for staff."

5. **OVERALL RATING.** Because of the great amount of information derived from program review findings, the Executive Staff determined that there was a need for a concise system of summarizing information from the program review reports. The assignment of an overall rating meets this need. The preliminary rating reflects the RIC's overall judgment as to how well the program area's mission and objectives are accomplished.

The rating is determined by a careful evaluation of how well the functions identified in the discipline guidelines are being performed. Further, the rating is a measure of the program's performance and is not directly related to the program manager's performance. The assignment of the rating is also intended to measure the program's performance over time. The review authority assigns/approves the final rating. The following terms and definitions are used:

- **Superior.** The program demonstrates exceptional effort and initiative, setting a standard for the discipline. The program is performing all vital functions in a manner that exceeds discipline national targets and goals. A history of strong internal controls exists resulting in zero or very minimal deficiencies, full

compliance with all ACA mandatory standards, and no repeat deficiencies. In addition, the program demonstrates excellent teamwork, communication, and sense of ownership.

- **Good.** The program vital function areas are sound. Internal controls are strong and there are zero or limited procedural deficiencies. Overall program performance reflects positive professional and technical expertise. The program is in full compliance with all ACA mandatory standards. Good teamwork, communication, and sense of ownership have allowed for positive initiatives. The program meets discipline targets and goals, and demonstrates growth and/or strengths.

- **Acceptable.** This is the "baseline" for the rating system, and each program is assumed to be performing at this level at the beginning of the review. Although deficiencies may exist, they do not detract from the adequate accomplishment of the vital functions or compromise compliance with mandatory ACA standards. Internal controls are such that there are no performance breakdowns that would keep the program from continuing to accomplish the mission. The program will receive no higher than an acceptable rating when a significant finding(s) exists.

- **Deficient.** One or more vital functions of the program are not being performed at an acceptable level. Internal controls are weak, thus allowing for serious deficiencies in one or more program areas. A program will receive no higher than a deficient rating when a repeat repeat deficiency(ies) exists, indicating a problem has occurred in the program area at least three times.

  If a program demonstrates noncompliance with a mandatory ACA standard the program will receive no higher than a deficient rating. A program will receive no higher than a deficient rating when a significant finding(s) in a vital function area exists.

- **At Risk.** The program is impaired to the point that it is not presently accomplishing its overall mission. Internal controls do not demonstrate substantial continued compliance and are not sufficient to reasonably assure acceptable performance can be expected in the future.

In arriving at these ratings, the discipline's complexity or degree of difficulty is taken into consideration.

6. **THE PROGRAM REVIEW REPORT.** Written program review reports are required. The only official report to which the CEO must respond and take action is the one written and presented to the review authority for review and transmittal to the CEO. Because the system allows for challenges to deficiencies and significant findings, the program review report may only be considered final upon review closure. The timetables for this process are established within this PS.

a. **Fairness and Accuracy.** The reviewer will place deficiencies or noteworthy accomplishments into perspective and avoid exaggeration. Only information adequately supported by sufficient evidence in the working papers can be included in the report. This information must be reliable, sufficient, and logically presented to illustrate the impact or potential impact of the deficiency.

Critical comments will be presented in a balanced perspective, taking into consideration any unusual difficulties or circumstances the review site faces.

b. **Clarity.** Reports must be clear, concise, and substantive. Conclusions will be specific, not left to inference. Aside from department heads and program administrators, readers will have varying perspectives (institutional, regional, and systemwide) and may not have a background in the program area being reviewed. Therefore, technical terminology is to be avoided whenever possible.

c. **Credit.** The reviewer must give credit when institution management has already noted a problem and is taking steps to correct it or is actively searching for solutions. It should be noted that problems identified by technical assistance visits and recently conducted operational reviews may be listed as findings or deficiencies within the program review report if corrective action has not been taken, and/or controls have not been in place for a specified period (ordinarily six months) to ensure they are effective. Repeat significant findings and repeat deficiencies cited in the program review report will be based on findings from the prior program reviews.

d. **Quality Assurance.** The RIC is to establish and maintain a quality assurance program to provide reasonable assurance that program review work conforms with GAO auditing standards and with this PS.

(1) **Quality Control Review.** The reviewer is to conduct a quality control review prior to submitting the final report to the review authority and must document for the file and within the report that the review was conducted.

(2) **Components.** The RIC will ensure:

(a) Review findings are fully supported by sufficient, reliable, and relevant evidence rather than by evidence of minor deficiencies or examination of irrelevant or insignificant matters.

(b) Program review objectives have been met.

(c) Review team members were supervised properly and their work reviewed.

(d) Review findings can be traced to the working papers to ensure they are supported fully and documented, and that figures used in the report are accurate.

(e) Interim meetings have been held regularly with the department head and associate warden to keep them apprised.

e. **Timeliness.** Program review reports must be issued promptly in accord with this PS.

(1) **To the Review Authority.** The RIC is to prepare the written report and submit it to the review authority within 30 calendar days after the end of the review.

(2) **Review by Review Authority.** The review authority is to review the report to ensure compliance with the provisions of this PS and standards of auditing. Within 10 calendar days after the review authority receives it, the report is to be transmitted to the review site's CEO electronically. A signed copy of the report is to be maintained in the working papers.

f. **Distribution.** Copies of the program review report and cover memorandum are to be routed electronically to the respective assistant director, regional director, CEO, regional program administrator, and Central Office program administrator.

g. **Retention.** The review authority is to retain the program review report for five years, in accord with the provisions of the National Archives and Records Administration, General Records Schedules (Number 22).

h. **Release Provisions.** The appropriate method for an outside party to request a program review report or related working papers, management assessment/risk analysis documentation, PRGs, or any other agency record of the Bureau is to make a request in writing to:

Director, Bureau of Prisons
Attention: Office of General Counsel
Freedom of Information Act/Privacy (FOIA/PA)
320 First Street NW
Washington DC 20534

The FOIA/PA Section will coordinate responses to requests for program review reports and related papers with PRD. A program review report or any related supporting evidence is not considered releasable until the review authority closes the review officially.

i. **Separate Reports.** If a separate report containing confidential information is being issued, this should be stated in the report and cover memorandum.

j. **Reviewing by Exception.** Reporting the results of a program review is governed by the principle of "reviewing by exception." This principle is used throughout the auditing community; it means that if an area, component, or issue is within the scope of the program review and is not mentioned in the report, the reader can assume that no serious or significant deficiencies or need for improvement were found in that area. It is not necessary for the reviewer to recap every area examined during the review.

k. **Program Review Report Format.** The following format will be used for the program review report:

(1) **Cover Memorandum.** Each report must be accompanied by a memorandum from the review authority to the review site CEO. The memorandum, usually no more than one or two pages, should indicate briefly:

- the scope of the review,
- the overall assessment,
- the number of any significant findings, if any,